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FM AMEMBASSY ISLAMABAD  
TO RUEHC/SECSTATE WASHDC 4662  
INFO RUCNDT/USMISSION USUN NEW YORK 7672  
RUEATRS/DEPT OF TREASURY WASHINGTON DC  
RUEHKP/AMCONSUL KARACHI 8747

UNCLAS ISLAMABAD 000388

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E.O. 12958: N/A  
TAGS: [KNNP](#) [IR](#) [PREL](#) [PK](#)  
SUBJECT: PAKISTAN RESPONSE TO USG QUESTIONS REGARDING DECEMBER 18  
NOTICE ON BANK SEPAH

REF: STATE 4206

1. (SBU) Econ Counselor met with Jameel Ahmad, Executive Director, State Bank of Pakistan (SBP) in Karachi on January 24 to discuss the Bank Sepah transaction (reftel). Ahmad explained that Bank Sepah had opened two letters of credit (the first for USD 626,091.42; the second for USD 677,640.89) on January 15, 2007 with United Bank to finance exports of acrylic staple fiber from Divan Salman Fibers Ltd, one of Pakistan's largest manufacturers and exporters of textile fibers.

2. (SBU) The SBP investigated this transaction to ensure that banned items were not being shipped. It verified the shipment with the exporter and examined the customs documentation for these shipments. No irregularities were found. Ahmad highlighted that the opening of these letters of credit occurred prior to the passage of UN Resolution 1747 which went into effect March 24, 2007. Bank Sepah has no branches in Pakistan, and the funds in the two letters of

credit have now been exhausted.

PATTERSON